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Financial reports and audited financial statements, and reports of the Board of Auditors

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Implementation of the recommendations of the Board of Auditors concerning United Nations peacekeeping operations for the financial period ended 30 June 2012

Report of the Secretary-General

Summary

The present report provides additional information in response to the recommendations of the Board of Auditors contained in its report on the United Nations peacekeeping operations for the 12-month period ended 30 June 2012 (A/67/5 (Vol. II), chap. II). The report is submitted in accordance with paragraph 7 of General Assembly resolution 48/216 B, in which the Secretary-General was requested to report to the Assembly, at the same time as the Board of Auditors submitted its recommendations to the Assembly, on measures taken or to be taken to implement those recommendations.

The Administration has concurred with most of the Board's recommendations and many of the comments of the Secretary-General have been duly reflected in the report of the Board. The present report provides additional comments from the Administration, where required, and information on the status of implementation, the office responsible, the estimated completion date and the priority for each recommendation contained in the report of the Board. In addition, the present report contains updated information on the status of implementation of the recommendations of the Board relating to prior periods that were reported by the Board, in annex II to its report, as not having been fully implemented.

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I. Introduction

1. In paragraph 7 of its resolution 48/216 B, the General Assembly requested the Secretary-General to report to it on the measures that would be taken to implement the recommendations of the Board of Auditors at the same time as the report of the Board was submitted to the Assembly. Accordingly, the present report is submitted in response to the recommendations of the Board contained in its report on the accounts of the United Nations peacekeeping operations for the 12-month period ended 30 June 2012 (A/67/5 (Vol. II), chap. II).

2. In preparing the present report, account was taken of the provisions of the following General Assembly resolutions:

(a) Resolution 52/212 B, in particular paragraphs 2 to 5, and the note by the Secretary-General transmitting the proposals of the Board for improving the implementation of its recommendations approved by the Assembly (A/52/753, annex);

(b) Resolution 66/232 B, in which the Assembly requested the Secretary-General to continue to indicate an expected time frame for the implementation of the recommendations of the Board of Auditors and the priorities for their implementation, including the office holders to be held accountable.

3. With regard to prioritization, the Administration noted that the Board had categorized 24 of the 47 recommendations as "main" recommendations. While all accepted recommendations of the Board will be implemented in a timely manner, the main recommendations will be considered to be of the highest priority. The Board has reported a slight improvement in the rate of implementation (45 per cent) of its recommendations compared with the previous year (44 per cent). Tables 1 and 2 summarize the status of implementation of newly issued recommendations as of January 2013.

Table 1
Status of implementation of main recommendations as of January 2013

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Department of Field Support and Department of Peacekeeping Operations	14	–	3	11	11	–
Department of Field Support and Department of Management	9	–	3	6	6	–
Department of Management	1	–	–	1	1	–
Total	**24**	**–**	**6**	**18**	**18**	**–**

4. As indicated in table 1, of the 24 main recommendations issued by the Board, 6 have been implemented and 18 are in progress. Of the 18 main recommendations in progress, 16 are targeted for implementation before the end of 2013 and two are due for implementation by the second quarter of 2014.

Table 2
Status of implementation of all recommendations as of January 2013

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented*	*In progress*	*Target date set*	*No target date*
Department of Field Support and Department of Peacekeeping Operations	30	1	6	23	18	5
Department of Field Support and Department of Management	13	1	3	9	8	1
Department of Management	4	–	–	4	4	–
Total	**47**	**2**	**9**	**36**	**30**	**6**

5. As indicated in table 2, of the 47 recommendations issued by the Board, 9 have been implemented, 2 have not been accepted and 36 are in progress. Of the 36 recommendations in progress, 25 are targeted for implementation before the end of 2013, 4 are due for implementation in 2014 and 1 in 2015. The six recommendations for which no target dates have been set pertain to ongoing activities.

6. The Administration would like to reiterate that the successful implementation of the recommendations of the Board is dependent on how they are formulated. For example, the recommendation in paragraph 142 of the Board's report (A/67/5 (Vol. II), chap. II) that "the Administration take urgent measures to fill vacancies in peacekeeping operations, especially for the senior and key posts, in an expeditious manner", is of an ongoing nature and the Administration continuously makes efforts to bring the vacancy rates down to within the vacancy factors. Thus, no target date can be set and it is unclear as to when the recommendation will be considered by the Board as having been implemented. As can be seen from table 2, there are six recommendations for which no target date has been set. The Administration will continue to discuss these recommendations with the Board, with a view to agreeing on the specific measures that need to be taken to ensure full implementation.

II. Specific issues of concern

7. The Secretary-General has noted the specific concerns expressed by the General Assembly in resolution 66/232 B regarding the (a) extent of cancellation of prior-period obligations and the continued high level of obligations raised during the last month of the financial period; (b) weakness in the oversight of procurement; (c) delays in the implementation of all outstanding recommendations of the Board; and (d) root causes of the recurring issues and measures to be taken. The current status of action on these items is summarized below.

Cancellation of prior-period obligations and high level of obligations raised at the end of financial period

8. In paragraph 14 of its report (A/67/5 (Vol. II), chap. II), the Board noted an overall reduction in prior-period obligations cancelled in the following year, indicating that during the financial period ended 30 June 2012, the ratio of cancellation of prior-period unliquidated obligations decreased from 17.5 per cent to

12.9 per cent. The reduction is as a result of the constant reminders sent to the missions and a robust review of unliquidated obligations both at the mission and United Nations Headquarters levels.

9. The raising of obligations at year-end often corresponds to the period of time needed to complete the procurement process in the case of complex peacekeeping operations. In addition, costs for a number of significant items, including troop-contributing country reimbursements, are intentionally deferred until year-end to ensure that final obligations for the budget period are accurate. The Administration is of the view that obligations created at year-end are duly justified.

Weakness in the oversight of procurement

10. The Department of Field Support has promulgated a new contract management policy effective April 2012 and the Chief Contract Management position at the Global Service Centre had been filled to assist the missions with the implementation of the new policy and contract management issues. In addition, a new feature has been introduced to the electronic Headquarters Committee on Contracts system to enhance monitoring capabilities on ex post facto cases. Meanwhile, the Department now requires all missions to provide a statement with their ex post facto cases confirming what measures have been put into place to avoid a reoccurrence.

11. The Department of Management is planning to develop a systematic monitoring framework for the procurement activities of the Secretariat. The Department of Management will set up an action plan for the implementation of the framework composed of the following elements: (a) scope of framework; (b) processes/policies; (c) information technology; (d) resource allocation; (e) timeline; and (f) communication. While best efforts will be made to achieve an enhancement of the monitoring framework within existing resources, full implementation of the action plan outlined above would require additional resources.

Root causes of recurring recommendations

12. In paragraph 9 of its report (A/67/5 (Vol. II), chap. II), the Board noted that the Administration had improved the monitoring of the implementation of the Board's recommendations and reinforced the guidance to the missions on issues concerned. Particular improvements were noted in the area of personnel, where most of the recommendations were implemented. The Board welcomed the progress by the Administration.

13. Further details of the measures being taken to address each of the reiterated/outstanding recommendations from previous periods are contained in section IV of the present report.

III. Implementation of the recommendations contained in the report of the Board of Auditors

14. Set out below is the information requested by the General Assembly on the status of implementation of recommendations contained in the report of the Board of Auditors for the financial period ended 30 June 2012 (A/67/5 (Vol. II), chap. II). As indicated in the summary of the present report, most of the Administration's comments have already been included in the report of the Board; thus, additional

comments are provided below only where the Board has not reflected the Administration's comments.

A. Financial overview and management

Unliquidated obligations

15. **In paragraph 16, the Board recommended that the Administration improve financial planning and management to avoid significant creation of obligations near the end of the year and high rates of cancellation of obligations subsequently.**

16. The Administration endeavours to ensure that expenditure is always brought to account as obligations at the time a commitment is made. The raising of obligations at year-end often corresponds to the period of time needed to complete the procurement process in the case of complex peacekeeping operations. In addition, costs for a number of significant items, including troop-contributing country reimbursements, are intentionally deferred until year-end to ensure that final obligations for the budget period are accurate. Furthermore, the reduction in the cancellation of prior-period unliquidated obligations noted by the Board of Auditors in paragraph 14 of its report is due to the constant reminders sent to the missions and a robust review of unliquidated obligations at both the missions and United Nations Headquarters levels. The Administration will continue to work with the missions to ensure that only valid obligations are retained in the accounts. It is also expected that the introduction of the International Public Sector Accounting Standards (IPSAS) will help to address this issue.

Departments responsible:	Department of Field Support and Department of Management
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2013

After-service health insurance

17. **In paragraph 18, the Administration agreed with the Board's recommendation that it annually review the key actuarial assumptions of the after-service health insurance, particularly the discount rate.**

18. The Administration will review the key actuarial assumptions on an annual basis and also plans to conduct actuarial valuation on an annual basis in connection with the implementation of IPSAS.

Department responsible:	Department of Management
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

B. Implementation of the International Public Sector Accounting Standards

Deficiency in missions' IPSAS implementation progress management

19. **In paragraph 22, the Board recommended that the Administration provide formal feedback or advice to missions regarding their delays in IPSAS implementation activities and take effective measures to get the missions' IPSAS progress on track.**

20. The Department of Field Support manages the IPSAS project using a detailed project management tool, which covers specific tasks, deliverables, roles, responsibilities, deadlines and risks. In addition, the Administration is working on the following: (a) improving the communication flows to the missions; (b) a field IPSAS implementation monitoring team is being launched at the Regional Service Centre at Entebbe with responsibility for in situ monitoring of progress and quality control of IPSAS activities, and providing support to IPSAS activities of field missions; and (c) a new field support suite is being deployed to facilitate the opening balances preparation for mission real estate and infrastructure assets.

Departments responsible:	Department of Field Support and Department of Management
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

Lack of clear accountability of senior mission managers for IPSAS implementation

21. **In paragraph 25, the Administration agreed with the Board's recommendation that it ensure that senior mission managers are adequately committed to and are held accountable for the successful implementation of IPSAS and the achievement of the envisaged benefits.**

22. The indicators of successful performance of IPSAS implementation tasks at the mission level have been included in the compacts of the Special Representatives of the Secretary-General. A mandatory one-page appreciation note signed by the Chief of Mission Support and Director of Mission Support describing the status of IPSAS implementation tasks assigned to the mission is to be introduced to complement the submission of the project management tool and the reporting to the IPSAS Steering Committee.

Department responsible:	Department of Management
Status:	In progress
Priority:	High
Target date:	First quarter of 2013

C. Asset management

Lack of separate accounts to record the costs of each constructed asset

23. **In paragraph 33, the Board recommended that the Administration establish separate accounts to record the costs of constructed assets and take**

steps to expedite the development of the valuation methodology in compliance with the requirements of the Standards.

24. This recommendation has two parts. One part is to establish separate accounts to record the constructed assets and the other part is to take steps to expedite the development of valuation methodology in compliance with the requirements of IPSAS. It is recalled that the costs of constructed assets are not attainable since they have been expensed at the various stages of construction and it is impossible to retrace them. Henceforth, the solution is not to set a separate account to record them but the final real solution is that this will be overtaken by the implementation of IPSAS that will go live on 1 July 2013, as the constructed assets, subject to the relevant threshold level, will be required to be reported in the financial statements. As for the latter part of the recommendation, the development of valuation methodology was completed and the Administration is committed to acquire the value of real estate properties as at 1 July 2013 in connection with the implementation of IPSAS.

25. The Department of Field Support has initiated a programme to create a detailed inventory of the real estate held by each mission since February 2012, and is close to finalizing this exercise. It has also appointed external consultants to devise a methodology to arrive at the cost for a standard list of homogeneous assets constructed across all field missions.

Departments responsible:	Department of Management and Department of Field Support
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

Insufficient assurance over the value of non-expendable property

26. **In paragraph 42, the Board recommended that the Administration (a) take measures to determine the location and real status of the liquidated missions' assets still in transit; (b) register donated assets on the basis of comprehensive physical verification and make disclosure in financial year 2012/13; and (c) require the missions to expedite the process of reconciliation of discrepancies.**

27. Regarding part (a) of the recommendation, the Administration would like to reiterate that the business processes supported by the Galileo Inventory Management System are robust and ensure strict internal controls, and an audit trail over all transactions during the life cycle of assets. The transfer of assets from the United Nations Mission in the Central African Republic and Chad (MINURCAT) and the United Nations Mission in the Sudan (UNMIS) has been carried out in full compliance with the established policies and procedures and has been documented in the Galileo system. As at 26 November 2012, the number of items in transit has been reduced in respect of MINURCAT by 42 per cent (from $10.26 million to $5.93 million) and in respect of UNMIS by 30 per cent (from $46.27 million to $32.46 million).

28. For part (b) of the recommendation, the Board was informed on 14 December 2012 that the Controller's approval had been obtained and the African Union-United Nations Hybrid Operation in Darfur (UNAMID) was in the process of identifying

the donated assets for inclusion in Galileo. The process commenced in September 2012 and was merged with the annual physical verification programme for non-expendable properties for the 2012/13 financial period.

29. On part (c) of the recommendation, the Administration has developed and implemented a robust performance reporting and management regime through its Directive and Workplan on Property Management, where the departmental objectives have been translated into cascading key actions and supported by dedicated key performance indicators, corporate targets, tolerance rates, and responsible action owners. The Department of Field Support has monitored the key performance indicators to measure the timeliness of discrepancy reconciliation and provided guidance for improvement to missions that underperformed.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

Insufficient physical verification on expendable property

30. **In paragraph 47, the Administration agreed with the Board's recommendation that it (a) ensure that all missions conduct sufficient physical verification of expendable property and reconcile the discrepancies in a timely manner; (b) continually identify the reasons for expendable property discrepancies during the liquidation period of UNMIS; and (c) enhance the liquidation guidance to ensure that missions in liquidation carry out complete and robust physical verification of expendable property prior to any transfer.**

31. The following measures have been or are being taken to strengthen the management of expendable properties: (a) issuing the guidance in the Department of Field Support directive on property management regarding data accuracy and reliability and the revised liquidation manual; (b) establishing the Department's oversight and performance analysis framework; (c) rolling out the Galileo Inventory Management System solutions in the areas of stock-taking and inventory control and so on; and (d) developing enhancements to the Galileo system to improve financial reporting.

32. Based on the best industry practices and in line with the IPSAS Policy Framework, the Department of Field Support also plans to introduce the "A-B-C analysis" approach that focuses on high-value high-volume items and items that will be reported as inventory under IPSAS. The "A-B-C analysis" will also determine the less significant low-value items where labour-intensive 100 per cent physical counting is not cost effective, while maintaining internal controls embedded in the Galileo system and subsequently in the Umoja system.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

High risk of loss or waste of "never-used" non-expendable property

33. **In paragraph 52, the Board reiterated its previous recommendation (see A/66/5 (Vol. II), para. 69) that the Administration (a) closely monitor never-used non-expendable property and do a full review to ascertain what should be impaired or written off; and (b) periodically review the implementation of the acquisition plans and ensure that they are used to facilitate procurement being carried out in an appropriate manner.**

34. The Department of Field Support has taken measures to monitor the performance of missions on a quarterly basis and provided guidance for improvement to those that underperformed. The improvement during the 2011/12 financial period was significant and represented a 39 per cent reduction of unused items in terms of value from $137 million to $84 million. Furthermore, the Department of Field Support has requested missions to review existing stock levels before making new acquisitions and introduced several documents such as a bill of quantity to ensure a realistic estimate of demand. In addition, an asset management section will be established at the Global Service Centre to oversee and coordinate acquisition planning and inter-mission transfers of non-expendable property.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

35. **In paragraph 53, the Board also recommended that the Administration ensure that missions review the amount of assets already in stock before acquisition and request new assets on the basis of a realistic estimate of demand, and that it strengthen the validation of the reasonableness of asset transfers requested by missions.**

36. The Administration's comments above relate to both recommendations in paragraphs 52 and 53 of the Board's report.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

Delayed write-off and disposal

37. **In paragraph 58, the Administration agreed with the Board's recommendation that it ensure that the missions expedite the write-off and disposal process through the established key performance indicators and regular reporting and performance analysis.**

38. The Department of Field Support has assigned high priority to strengthening the monitoring of the write-off and disposal process. Within the established oversight and performance measurement framework for property management, the Department of Field Support reviewed the achievements of missions and conducted performance analysis of the write-off and disposal processes throughout the reporting period, and followed up with recommendations for improvement at the

underperforming missions. The revised delegation of authority for property management was fully implemented, resulting in a streamlined write-off process in which the Local Property Survey Board review was eliminated for routine low-risk disposal cases. At some missions, the process of disposal was hampered by lack of cooperation and restrictions imposed by the local authorities, poor and unfavourable local market conditions, and lack of qualified vendors.

Department responsible:	Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	Ongoing

Asset disposal activities at liquidated missions

39. **In paragraph 62, the Board recommended that the Administration ensure that missions in liquidation (a) evaluate the quality of assets on the basis of a thorough physical inspection at the beginning of the liquidation phase; and (b) only transfer assets to other missions which are suitable for reuse in line with the liquidation manual and are cost-effective for shipment.**

40. The Department of Field Support revised the liquidation manual. The asset disposal methodology has been updated and the asset disposal plan for liquidating missions now has preconditions to prevent substandard assets being sent to the Global Service Centre or other missions, with added emphasis on the remaining life expectancy and condition of assets. It is now a requirement that the mission preliminary asset disposal plan, prior to technical liquidation, consider whether the assets in question are suitable for reuse in another mission and that a cost-benefit analysis be conducted prior to disposal. The Department of Field Support will enforce the provisions of the liquidation manual on the conduct of a cost-benefit analysis either prior to the transfer of surplus assets to other missions or their disposal.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	Ongoing

41. **In paragraph 65, the Administration agreed with the Board's recommendation that it ensure that missions in liquidation comply fully with the regulations of the liquidation manual with regard to handover of assets.**

42. The Department of Field Support will provide the necessary guidance and enforce the importance of packing lists and load lists for assets prepared for shipment. In addition, it will keep regular track of shipment status while the assets are in transit, direct the concerned receiving missions for an expeditious receipt and inspection process, initiate timely updates of the Galileo database and issue damage and discrepancy reports where appropriate.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

43. **In paragraph 68, the Administration agreed with the Board's recommendation that it enhance the supervision of the implementation of the asset disposal plan in the phase of mission liquidation and ensure that adjustments to the plan made by the missions are reviewed and approved by Headquarters in advance.**

44. The Department of Field Support will closely monitor the implementation of the asset disposal plan by missions in liquidation to eliminate or minimize deviations. In addition, the Department will ensure that any deviations from the plan are duly approved by United Nations Headquarters.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	Ongoing

D. Procurement and contract management

Acquisition planning

45. **In paragraph 77, the Administration agreed with the Board's recommendation that it enhance control of strategic planning of peacekeeping procurements by consolidating demand for goods and services across the missions to identify and secure economies of scale.**

46. The Procurement Division will continue to support and guide requisitioning offices in the acquisition planning process. In this connection, the Procurement Division has implemented a series of measures, including: (a) cooperation with requisitioning offices in the development of joint acquisition plans, e.g., in the Regional Procurement Office; (b) a refined procurement strategy characterized by needs assessment and the negotiation and establishment of approximately 200 global system contracts, which currently meet 75 per cent to 80 per cent of field mission requirements and provide support for new missions in their start-up phase; and (c) requiring that the requisitioners provide updates of the annual acquisition plans. In fulfilment of its role in guidance, the Procurement Division will roll out an online training module on acquisition planning, scheduled for release by the third quarter of 2013.

47. In addition, the Department of Field Support has circulated an instruction to all active missions to consider their stock levels, system contracts, strategic deployment stocks, surpluses declared by other missions and procurement lead times during the acquisition planning process. Furthermore, the Department had established an internal control mechanism whereby it reviews and authorizes all goods procured by missions exceeding $1 million in value, even after approval of the mission's acquisition plan.

Departments responsible:	Department of Management and Department of Field Support
Status:	In progress
Priority:	High
Target date:	Third quarter of 2013

Solicitation process

48. **In paragraph 79, the Board recommended that the Administration strengthen the control over procurement solicitation across all of peacekeeping, especially the criteria for the invitation of vendors to bid, and ensure that all procurement offices provide sufficient time for the submission of bids.**

49. The Administration wishes to emphasize that solicitation timelines are only a recommendation in the Procurement Manual. The Procurement Division is cognizant of this and has implemented suitable submission timelines for solicitations with complex requirements allowing sufficient time for the bidders to prepare and submit proposals. At the same time, there are certain markets where the procurement is done mainly on a spot basis, such as sea and air freight where ships would be available for a very short period of time (1-3 days) and air assets for no more than a couple of weeks. Further, the Administration agrees in principle to the recommendation with regard to providing sufficient time for submission and the Procurement Division will continue to endeavour to provide sufficient bidding submission times, as long as that does not prohibit operational requirements and remain within the best interests of the Organization.

50. In addition, the Procurement Division is in the process of amending the Procurement Manual as it relates to recommended timelines for submissions of bids for short-term logistics requirements.

Departments responsible:	Department of Management and Department of Field Support
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

Contract management and administration

51. **In paragraph 83, the Board recommended that the Administration systematically enhance the controls over the administration of contracts, in particular, the approval of ex post facto cases and amendments to contracts, to ensure that they comply with the Procurement Manual.**

52. The Department of Field Support has promulgated a new Contract Management Policy effective April 2012 and the chief contract management position at the Global Service Centre was filled to assist the missions with the implementation of the new policy and contract management issues. Furthermore, a new feature has been introduced to the electronic Headquarters Committee on Contracts system to enhance monitoring capabilities on ex post facto cases. Meanwhile, the Department now requires all missions to provide a statement with their ex post facto cases confirming what measures have been put into place to avoid a reoccurrence.

53. In addition, the Procurement Division is in constant communication with its clients in an effort to avert any real instances of waivers of competition or post-facto cases. That said, the requisitioning offices are responsible for the acquisition plans and the contract management necessary for proper follow-up of existing contracts.

Departments responsible:	Department of Field Support and Department of Management
Status:	Implemented
Priority:	High
Target date:	Not applicable

54. **In paragraph 84, the Board also recommended that the Administration clarify the "eight-month rule", in particular how many times a contract can be extended within the authority of the Procurement Division.**

55. The Procurement Division is in the process of further clarifying both the eight-month rule and the 20 per cent rule.

Department responsible:	Department of Management
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

Vendor management

56. **In paragraph 91, the Administration agreed with the Board's recommendation that the Procurement Division ensure the reliability of vendor data by regularly updating vendor information and incorporating vendor performance records into its vendor database.**

57. Measures have and are being taken to ensure proper vetting of vendors' before-contract award. In 2013, the Procurement Division will be transitioning to a new registration level structure that will enable it to focus the due diligence efforts on those vendors actively participating in solicitations. Upon implementation of Umoja, there will no longer be separate vendor databases maintained by field missions. All missions and offices away from Headquarters will be using the same single vendor database and there will be a single set of instructions for vendor registration that will be followed by all offices. The Secretariat under the leadership of the Procurement Division is implementing a vendor cleansing project to address this issue.

58. On vendor performance reports, the Procurement Division is dependent on the requisitioning offices and the field missions reporting problems or issues with contracted vendors regarding their performance. As indicated in chapter 7.11 of the Procurement Manual, a vendor performance report is completed and provided to the Procurement Division by the requisitioning office on an annual basis, or when an amendment to the contract is requested. Buyers are to review the report provided and after signature by the relevant section chief, a copy is kept in the individual contract file, with a copy to be provided to the Vendor Registration and Management Team for filing in the Procurement Division's shared drive. Poor performance of a vendor may be submitted to the Vendor Review Committee on a case-by-case basis by the relevant Section Chief. In addition, the Department of Field Support issued a Contract Management Policy effective 1 April 2012 that provides missions with further guidance on effective contract monitoring and management as it relates to vendors' performance.

Department responsible:	Department of Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

59. **In paragraph 93, the Board further recommended that the Department of Field Support strengthen the controls over the management of vendor performance by the missions, and other managerial aspects of contracts, such as the claiming of damages/compensation, etc.**

60. The Administration notes that subsequent to the Board's recommendation, (a) MONUSCO had improved contractors' performance evaluation by establishing new indicators; since the contract in question would expire in less than a year, a new tender process was already under way; (b) the recruitment of the chief of the Contract Management Unit at MINURSO was completed in October 2012 and the Mission had then commenced vendor performance evaluations on a semi-annual basis; and (c) the United Nations Interim Security Force in Abyei (UNISFA) had implemented procedures to monitor and enforce the contractual clause against vendors for non-compliance with delivery terms.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

E. Budget formulation and management

Aviation budgets

61. **In paragraph 102, the Board recommended that the Administration ensure that missions take into account the historical data relating to the budget assumptions and foreseeable factors, in particular, the actual flight hours recorded for types of aircraft, when formulating their aviation budgets.**

62. As earlier communicated to the Board, budgets are based on the best available information at the time of their preparation, well in advance of the budget implementation period. Budgets are plans that contain forecasted financial requirements based on a number of assumptions. In this context, recognizing the highly volatile operational environment in which most of the peacekeeping missions are deployed, it is not unreasonable to expect that variances will occur between the approved budget and its actual implementation. These variances are reported to the General Assembly in budget performance reports, which become important reference documents during the formulation and review of subsequent budgets. In UNAMID, for example, one significant factor that impeded the Mission's aviation operations, and utilization of flight hours, was restrictions placed on the Mission's air transport operations by the Host Government.

Departments responsible:	Department of Management and Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	Ongoing

63. **In paragraph 105, the Board recommended that the Administration ensure that non-operational days be given due consideration in estimating aviation costs to make estimates more realistic and reasonable.**

64. The Department of Field Support reiterates that the future planning of aircraft non-deployment or non-availability of aircraft due to factors such as extended maintenance periods and crew sickness cannot be predicted and there is no consistent level across missions that would lead to a useful estimate. Taking the example of UNAMID, cited by the Board, the variance could not have been foreseen and if this were now included as part of historical data, it would distort the data for all other missions.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	Not accepted
Priority:	Medium
Target date:	Not applicable

65. **In paragraph 111, the Board recommended that the Administration consider the feasibility of applying mission-specific fuel consumption rates taking into account the historical trends at each mission.**

66. The Department of Field Support reiterates that the current use of standard rates of aircraft fuel consumption in the calculation of aviation fuel budgets is best suited to capture the complexity of United Nations air operations. The Department of Field Support considers the methodology of using standard average rates to be the most appropriate, as it takes into consideration the vast experience gained by the United Nations around the globe in operating the type and model of aircraft in its current fleet.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	Not accepted
Priority:	Medium
Target date:	Not applicable

Personnel budget

67. **In paragraph 118, the Board recommended that missions (a) take due consideration of the historical records of relevant factors, such as delayed deployment factors and rotation of troops, when formulating budget assumptions; and (b) provide sufficient justifications and quantify the impact of foreseeable factors where possible if there are large variances between historical performance records and the figures applied within the formulation of the budget.**

68. With respect to part (a) of the recommendation, the Administration already takes into consideration the historical data on delayed deployment factors and vacancy/delayed recruitment factors and undertakes all possible action to ensure that the factors/rates applied in proposed budgets are as realistic as possible. The Administration is of the view that no further action can be taken by it to address the recommendation of the Board and therefore considers the recommendation as implemented. With respect to part (b) of the recommendation, since missions already justify proposals that deviate significantly from historical data, the

Administration is of the view that no further action can be taken by it to address the recommendation of the Board and therefore considers the recommendation as implemented.

Departments responsible:	Department of Management and Department of Field Support
Status:	Implemented
Priority:	High
Target date:	Not applicable

Contingent-owned equipment costs

69. **In paragraph 121, the Board recommended that the Administration (a) apply more realistic assumptions in calculating the non-deployment factor and unserviceability factor by taking account of the specific situations and historical deployment trends of military contingents and formed police units when budgeting for major equipment items of contingent-owned equipment; and (b) take the unacceptable factor into account when budgeting for contingent-owned self-sustainment equipment.**

70. The Administration's comments on this recommendation are reflected in paragraphs 115 and 119 of the Board's report. In addition, the Department of Field Support reiterates that the variances in the cost of UNAMID self-sustainment categories for the first three years need to be reviewed in the context of the establishment of the Mission. In this regard, the historical data of UNAMID for the first three years of rehatted contingents cannot be considered as representational of data on reimbursement for self-sustainment to troop/police-contributing countries, and therefore do not provide a sound basis for the introduction of an "unacceptable factor".

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	Ongoing

Vehicle budget

71. **In paragraph 125, the Board recommended that the field missions and Headquarters take the actual holdings of vehicles and historical spare parts consumption rates into account in preparing and reviewing the vehicle budget.**

72. The Department of Field Support reiterates that actual holdings of vehicles and historical spare parts consumption rates are taken into account when formulating and reviewing vehicle budgets. Performance in this area has improved, as reflected in the significant reductions that have been made to acquisition budgets for vehicle spare parts from $18.6 million in the 2010/11 financial period to $16 million in 2011/12 (14 per cent), and a further reduction of 12 per cent in 2012/13 ($14.1 million). Between October 2011 and July 2012, UNIFIL reduced its light passenger vehicle fleet by 30 vehicles. In August 2012, the Mission's Vehicle Establishment Committee recommended 15 more vehicles for withdrawal. By the end of July 2013, all 45 vehicles, of which 22 are already within the write-off

process, will be written off. Other Department of Field Support comments are reflected in paragraph 124 of the Board's report.

Departments responsible:	Department of Management and Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

Construction budgets

73. **In paragraph 127, the Board recommended that UNAMID (a) develop clear criteria for choosing between outsourced and in-house construction at the budget planning stage; and (b) formulate construction budgets in line with the criteria and ensure that justifications are submitted to the Project Management Group for approval when changing the construction approach.**

74. Regarding part (a) of the recommendation, the UNAMID decision to undertake construction projects in-house or outsourced to third party contractors are based on strict criteria, including the complexity of the project, standards required, number of jobs at hand, and the availability of financial resources.

75. Regarding part (b) of the recommendation, following the recommendation and noting similar requests from the Advisory Committee on Administrative and Budgetary Questions in its relevant report (A/66/718, paras. 104 and 106), the Department of Field Support is considering approaches to implementing construction projects governance, including budget proposals, controls and oversight in the 2014/15 budget cycle. The Department of Field Support has also promulgated the Department of Peacekeeping Operations/Department of Field Support policy on contract management and transferred contract management functions to the Global Service Centre to improve the support to field missions.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2015

Overall conclusion on budget management

76. **In paragraph 135, the Board reiterated its previous recommendation that field missions and Headquarters implement more stringent reviews of the budget submissions to ensure that they are formulated in a consistent, accurate and appropriate manner.**

77. Comments by the Administration are made in paragraphs 43 to 44 of the Board's report (A/66/5 (Vol. II), chap. II) and paragraph 27 of the report of the Secretary-General on the implementation of recommendations of the Board for the period ended 30 June 2011 (A/66/693). The Administration continues to conduct careful review of budget submissions. Since this recommendation relates to an ongoing task, the Administration is of the view that it should be considered implemented and closed.

Departments responsible:	Department of Management and Department of Field Support
Status:	Implemented
Priority:	High
Target date:	Not applicable

F. Human resources management

Inaccurate data in HR Insight

78. **In paragraph 138, the Board recommended that the Department of Field Support and the Office of Human Resources Management take steps to address the one-month delay in the uploading of data from the Nucleus system into HR Insight.**

79. The Administration reiterates that the data collected from the Nucleus system is delayed owing to the stringent data quality checking and validation that is undertaken by the Department of Field Support prior to releasing Nucleus data for uploading into the Human Resources (HR) Insight system. The information contained in the HR Insight system is accurate. Furthermore, this situation does not adversely impact a mission's ability to self-monitor its performance as the focus is mainly on trends and not on monthly performance.

80. It should also be noted that the roll-out of Inspira will increase the amount of real-time data available in the HR Insight system for certain indicators that have not existed in the scorecard before (such as the staffing timeline) and will greatly facilitate the effectiveness of HR monitoring in the future.

Departments responsible:	Department of Management and Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

Vacancy rates

81. **In paragraph 142, the Board recommended that the Administration take urgent measures to fill vacancies in peacekeeping operations, especially for the senior and key posts, in an expeditious manner.**

82. The Department of Field Support reiterates that, as at 31 October 2012, UNMIL had a vacancy rate of 9.2 per cent for international staff and 6.7 per cent for national staff, both of which are within the vacancy factors of 12 per cent for international staff and 10 per cent for national staff (see the UNMIL budget for 1 July 2012 to 30 June 2013 (A/66/691)). UNISFA is seeking the designation of a currently serving procurement officer from United Nations Headquarters as officer-in-charge. However, the Department of Field Support and the missions are taking steps to fill vacant posts.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	Ongoing

Vehicle fleet management

83. **In paragraph 146, the Board reiterated its recommendation that the Department of Field Support carry out a thorough review of vehicle entitlements at missions to identify the scope for savings.**

84. The Department of Field Support reiterates that the number of light passenger vehicles referred to in the report includes 1,086 ex-AMIS vehicles, the majority of which were damaged beyond economic repair. UNAMID can initiate write-off action for ex-AMIS vehicles only once conditions have been met to absorb these assets into the UNAMID inventory. The process of absorbing these assets commenced in September 2012 and is merged with the annual physical verification programme of non-expendable property items. Furthermore, the allocation of vehicles to the Integrated Support Service at UNAMID was based on the recommendation of the Vehicle Establishment Committee taking into consideration operational requirements rather than an inflexible ratio based on the number of staff.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

G. Rations management

Insufficient control over rations at UNAMID

85. **In paragraph 149, UNAMID agreed with the Board's recommendation that it strengthen the management of rations, specifically by (a) implementing regular inspection of rations with particular focus on those contingents with known higher risks; and (b) taking effective remedial action to address identified shortcomings, including education in the proper use of rations and penalties for misuse and misconduct; and (c) strengthening responsibility tracing for ration outflow actions, including investigation of the concerned contingents and soldiers or police officers.**

86. UNAMID had (a) instituted measures to strengthen the control weaknesses identified, including labelling the rations boxes as "not for sale" and enhancing security access controls within the premises; (b) conducted an investigation which concluded that the sale of rations may have emanated from certain contingents, but that no individuals could be implicated; and (c) developed an inspection schedule for the 2013 period, in which each of the 73 locations in the sectors would be inspected at least once in every four months, including increased unannounced inspections for contingent locations where the anomalies have been detected.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

Deficiencies in the management of composite ration packs

87. **In paragraph 152, the Administration agreed with the Board's recommendation that it request all field missions to monitor composite ration pack stock levels periodically to maintain stock levels in line with minimum strategic reserve requirements.**

88. Subsequent to the Board's recommendation, the United Nations Mission in South Sudan received two consignments of 90,000 packs (which had been delayed at the port of Mombasa), to replenish the temporary decrease in strategic reserves maintained as of 30 September 2012; UNISFA had increased composite ration packs in reserve to 20 days as of 23 October 2012; and UNAMID had deducted the number of unauthorized composite ration packs consumed from the orders of fresh rations made by the respective contingents.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

H. Travel management

Videoconference usage

89. **In paragraph 158, the Administration agreed with the Board's recommendation that it develop a policy to require all staff to consider the use of telephone and videoconferencing as an alternative to official travel and to ensure that those options are considered before requests for official travel are authorized.**

90. As the Secretariat's current policy on official travel set out in administrative instruction ST/AI/2006/4 does not mention the requirement to consider alternatives to travel, the Secretary-General in his report to the General Assembly (A/66/676, para. 11) "recommended to include in the revised administrative instruction on official travel a provision that requires programme managers to certify that due consideration was given to achieving the purpose of the particular travel through alternative methods, such as video and teleconferencing, or webcasting, before approving any official travel". This recommendation is still under consideration by the General Assembly, which will take it up again in the first part of its resumed sixty-seventh session in March 2013.

91. The utilization of video and teleconferencing services in the Department of Peacekeeping Operations/Department of Field Support had increased by 16 per cent during the 2011/12 financial period and the Department of Field Support would continue to urge staff to increase the use of video and teleconferencing services to reduce the cost of travel.

Departments responsible:	Department of Management and Department of Field Support
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

Non-compliance with the advance purchase policy

92. **In paragraph 163, the Administration agreed with the Board's recommendation that it (a) continue to monitor the rates of compliance with the advance purchase policy; and (b) provide further guidance to peacekeeping missions to enhance internal controls over the approval of travel requests made within two weeks of the date of travel.**

93. The Department of Field Support has circulated the advance purchase policy and travel guidelines to its staff at Headquarters and field missions and would continue its efforts to raise awareness of the requirements of the travel policy. The Department of Management will request all departments to report on compliance with the advance purchase policy to the Assistant Secretary-General for Central Support Services.

Departments responsible:	Department of Management and Department of Field Support
Status:	In progress
Priority:	High
Target date:	First quarter of 2013

I. Audit of the implementation of the global field support strategy

Lack of a sufficiently detailed implementation plan

94. **In paragraph 171, the Board reiterated its previous recommendation that the Administration develop a comprehensive plan elaborating in greater detail goals, timelines, key activities, milestones, benchmarks/baselines and project deliverables for each pillar of the global field support strategy to ensure that the end state vision of each pillar can be achieved in good time.**

95. A comprehensive implementation plan, which contains activities, responsibilities, deadlines and outputs, has been developed and is being used to manage the project.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	Implemented
Priority:	High
Target date:	Not applicable

Weaknesses in project governance

96. **In paragraph 177, the Administration agreed with the Board's recommendation that it (a) ensure that the global field support strategy Steering Committee and Client Board and the Global Service Centre Steering Committee need to consider how they function to improve the transparency and effectiveness of decision-making; and (b) review and revise the current governance structure of the modularization project to ensure single accountability for the project's success and the timely delivery of the envisaged benefits.**

97. The Department of Field Support is in the process of amending the terms of reference of the global field support strategy Steering Committee to reflect the

frequency of the Committee's meetings. The functioning of the Client Board has been strengthened by including representation from the Department of Political Affairs and field missions and ensuring that meetings are scheduled on a timely and consistent basis, and by following up on implementation of decisions of the Regional Service Centre Steering Committee through weekly video or teleconferences. In addition, the Global Service Centre Steering Committee has increased the frequency of its meetings to at least a quarterly basis in response to an interim Board recommendation. Also, the Department of Field Support is revising the governance structure of the modularization project and expects it to be completed during the first quarter of 2013.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	High
Target date:	First quarter of 2013

98. **In paragraph 179, the Administration also agreed with the Board's recommendation that it ensure that the Transportation and Movements Integrated Control Centre governance framework is strictly adhered to and regularly reviewed and updated to adapt to the new requirements. This would include establishing how not-yet-performed functions could be conducted on the basis of client missions' requirement analyses, and strengthening the management of troop rotation and regional passenger flight scheduling.**

99. The Control Centre governance framework document, which was approved by the Regional Service Centre, Entebbe Steering Committee in October 2012, indicates, inter alia, the roles, responsibilities and support required of all Control Centre stakeholders; management and control of transportation assets; and organizational management and planning of operations. The governance framework will be strictly adhered to and monitored by the Operational Technical Board and the Regional Service Centre Steering Committee. The Operational Technical Board is also charged with ensuring that the document is regularly reviewed and updated to adapt to the new requirements.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2014

Weaknesses in risk assessment and management

100. **In paragraph 185, the Administration agreed with the Board's recommendation that it (a) expedite the development of a risk management framework; and (b) ensure that the communication strategy is quickly and effectively implemented to make sure that the project objectives are sufficiently and widely understood.**

101. Regarding part (a) of the recommendation, the Department of Field Support had engaged a business continuity consultant in September 2012 and had begun a comprehensive risk assessment to be completed by the first quarter of 2013. After the risk assessment is adopted, the business continuity plans, including risk

management and mitigation, will be developed for predetermined units in consultation with the management of the Regional Service Centre.

102. Regarding part (b) of the recommendation, subsequent to the client survey referred to in paragraph 181 of the Board's report, the Department of Field Support conducted briefings to communicate the strategy to stakeholders, including Member States, the Department's Divisions, the Global Service Centre, Regional Service Centre, field missions, as well as Secretariat partners such as the Department of Management, the Department of Political Affairs, the Secretary-General's Change Implementation Team, and the Umoja Team.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	High
Target date:	First quarter of 2013

Weaknesses in benefits management

103. **In paragraph 188, the Administration agreed with the Board's recommendation that it develop a benefits realization plan to track, quantify and manage the intended benefits of implementation of the global field support strategy.**

104. The Department of Field Support will explore options to obtain the expertise required to establish a comprehensive benefits realization plan, including a cost capturing and reporting mechanism. That plan will be included in the fourth annual Secretary-General's progress report on the implementation of the strategy.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

105. **In paragraph 189, the Administration also agreed with the Board's reiterated recommendation that it establish key performance indicators, baselines and expected outcomes for each of the four pillars of the global field support strategy and a system to monitor and report on their achievement.**

106. The Department of Field Support is in the process of developing an entity-wide performance measurement framework that will provide a standardized approach and baseline data for all pillars against which progress can be measured in the future.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

107. **In paragraph 192, the Administration agreed with the Board's reiterated recommendation that it ensure that the costs are fully considered in the cost-benefit analysis and that the envisaged benefits are well justified.**

108. With regard to the transfer of functions and posts from the Department of Field Support to the Global Service Centre, the Department is exploring the use of outside expertise to train its staff on the conduct of cost-benefit analysis. The Administration will report the results in the fourth annual Secretary-General's progress report on the implementation of the global field support strategy. The Administration is also conducting a formal review of the methodology previously applied in calculating the envisaged savings of $6.8 million. However, it is underscored that, within the original context of global field support strategy modularization, the aim is focused on rapid deployment, improved living conditions, and safer and more secure facilities in the field, and not cost savings.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

109. **In paragraph 195, the Administration agreed with the Board's recommendation that it (a) determine who should be responsible and accountable for capturing and reporting the savings achieved by the Transportation and Movements Integrated Control Centre; (b) ensure that a standardized methodology is established to capture and report the savings and that the calculation process is well documented; (c) conduct a thorough review of and report the actual savings from January 2010 to June 2011 to the governing bodies again; and (d) ensure that the savings achieved by the Control Centre in 2011/12 are accurately reported in the Secretary-General's third progress report.**

110. Regarding part (a) of the recommendation, the Department of Field Support wishes to clarify that responsibility and accountability for capturing and reporting savings achieved by the Centre is clear, as follows: the Department of Field Support for aircraft savings achieved and the Regional Service Centre, Entebbe for troop movements savings achieved.

111. For part (b) of the recommendation, a standardized methodology to calculate and report the savings/efficiencies is under development and is expected to be presented for approval by the Operational Technical Board in the first quarter of 2013.

112. Concerning part (c) of the recommendation, the Department of Field Support wishes to clarify that annex X to the report of the Board provides the actual audited savings achieved by the Transportation and Movements Integrated Control Centre from January 2010 to June 2011.

113. Regarding part (d) of the recommendation, the Department of Field Support is conducting a thorough review of the actual savings achieved by the Centre during 2011/12.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	High
Target date:	Second quarter of 2014

Deficiencies in cost management

114. **In paragraph 199, the Administration agreed with the Board's recommendation that it establish a cost capturing and reporting mechanism to facilitate improved oversight of the costs of implementation by the governing bodies.**

115. The operational costs of the Regional Service Centre were being captured in a dedicated project code subsequent to the Board's recommendation. The Department of Field Support will continue to improve its cost management practices to further reflect all costs related to the Regional Service Centre, including contributions from the client missions.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

Service centres

116. **In paragraph 202, the Administration agreed with the Board's recommendation that it (a) ensure that General Assembly approval is sought prior to any transfer of functions/posts to the Global Service Centre or the Regional Service Centre; (b) conduct sufficient planning and make sufficient arrangements to ensure that the Global Service Centre can take over functions in an expeditious manner; and (c) ensure that a detailed action plan is established to synchronize the transfer of functions and posts and standardize and streamline working procedures at the Regional Service Centre as soon as possible.**

117. The Department of Field Support wishes to clarify that it is within the authority of Special Representatives of the Secretary-General to move posts within their mission area. The 163 posts referred to in paragraph 201 (a) of the Board's report are mission posts which were reflected in the relevant 2011/12 mission budgets. The staffing and operational costs relating to these posts were correctly charged against the relevant 2011/12 mission allotments.

118. The Department of Field Support comments on part (b) of the recommendation are also reflected in paragraph 203 of the Board's report.

119. Regarding part (c) of the recommendation, the Regional Service Centre, Entebbe Steering Committee reviewed and agreed on the transfer of posts and functions in human resources and finance. Subsequently, a detailed implementation plan in the form of a road map was presented to the Steering Committee and the concerned missions. The plan takes into account the transfer of functions within specific units, and the related posts approved in the missions' budgets for the functions. The road maps are constantly monitored by the Planning and Control Section of the Regional Service Centre, Entebbe. Recently, this exercise received further clarity during the budget review process where the missions and the Department of Field Support were engaged in defining the number of posts moving to the Regional Service Centre, Entebbe and the ones to remain in the missions. With the approval of the budgets, the transfer of posts and functions will be concluded in a seamless manner.

120. Concerning the streamlining of working procedures, the Department of Field Support wishes to clarify that a majority of Regional Service Centre, Entebbe service lines to client missions were integrated effective March 2012. Furthermore, the Controller has granted cross-mission delegation of approving authority to the Regional Service Centre, Entebbe and that Centre holds human resources subdelegations for all its client missions. Currently, a number of process improvement initiatives, e.g., Lean Six Sigma, iNeed and Field Support Suite, are under way to re-engineer and standardize processes and thereby achieve efficiencies and economies of scale. Specifically, the Regional Service Centre, Entebbe has taken the lead role in developing and releasing all the Field Support Suite applications into production for its client missions and is working on moving the client missions on board with the standardized information systems and decommission of mission legacy information systems in order to enable implementation of standardized and streamlined work processes and procedures.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

Errors in calculation

121. **In paragraph 212, the Administration agreed with the Board's recommendation that it address the deficiencies in budget assumptions and methodology to make the indicative budget in the standardized funding model more realistic and better justified.**

122. The lessons-learned review requested by the General Assembly in its resolution 66/243 has been completed and has resulted in the revisions to the framework which were reported to the General Assembly in the Secretary-General's third annual progress report on the implementation of the global field support strategy (A/67/633). The revised model provides for greater flexibility and responsiveness to specific mandate personnel levels and configurations, deployment rates, the availability of assets from other missions, aircraft configurations, mission locations, the implementation of the global field support strategy, and mandated specific tasks, such as mine action, disarmament, demobilization, reintegration, updated unit costing and prices.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	Implemented
Priority:	High
Target date:	Not applicable

Deficiencies in the application of the standardized funding model

123. **In paragraph 219, the Administration agreed with the Board's recommendation that it (a) fully consider the actual situation and requirements of a new mission when making budget proposals based on the standardized funding model; and (b) establish a robust monitoring mechanism to monitor resource utilization in missions applying the standardized funding model.**

124. The Administration's comments above relate to the recommendation in paragraph 212 of the Board's report.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	Implemented
Priority:	High
Target date:	Not applicable

Modularization

125. **In paragraph 224, the Administration agreed with the Board's recommendation that it (a) update the current project timeline to ensure that all the key activities are included; (b) duly monitor the progress against the project timeline and address in a timely fashion the risks that may cause delays in project implementation; and (c) establish an action plan to finalize the statement of work expeditiously to avoid further slippage.**

126. The Global Service Centre is continuously updating its project management schedule to meet the overarching milestones in line with the global field support strategy and monitors achievements against the project timeline.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

IV. Implementation of the recommendations contained in the report of the Board of Auditors concerning United Nations peacekeeping operations for prior financial periods

127. In paragraph 14 of its resolution 66/232 B, the General Assembly requested the Secretary-General to provide, in his next report on the implementation of the recommendations of the Board of Auditors concerning the United Nations peacekeeping operations, a full explanation for delays in implementation of all outstanding recommendations of the Board, the root causes of recurring issues and the measures to be taken.

128. In annex II to its report for the period ended 30 June 2012 (A/67/5 (Vol. II), chap. II), the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on the 22 recommendations listed in annex II as outstanding from prior periods. The information is set out in the order in which the recommendations were presented in the report of the Board of Auditors for the period ended 30 June 2011 (A/66/5 (Vol. II), chap. II). A total of 40 recommendations were made in that report, of which 18 had been implemented by the Administration at the time the Board issued its report for the period ended 30 June 2012.

129. Table 3 provides a more detailed analysis of the status of implementation, as of January 2013, of the 22 recommendations that were assessed by the Board to be in progress.

Table 3
Status of implementation of outstanding previous recommendations as of January 2013

Department responsible	*Number of recommendations*	*Implemented*	*In progress*	*Target date set*	*No target date*
Department of Peacekeeping Operations and Department of Field Support	17	8	9	4	5
Department of Field Support and Department of Management	5	2	3	3	
Total	**22**	**10**	**12**	**7**	**5**

130. It should be noted that, of the 22 recommendations in progress in accordance with annex II to the Board's report (A/67/5 (Vol. II), chap. II), 10 recommendations were subsequently implemented as of January 2013. Of the 12 recommendations that remain in progress, 5 are targeted for implementation before the end of 2013 and 2 in the first quarter of 2014. The five recommendations without target dates are of an ongoing nature.

Invalid obligations

131. **In paragraph 20 of its report on the period 1 July 2010 to 30 June 2011 (A/66/5 (Vol. II), chap. II), the Board reiterated its previous recommendation that the Department of Field Support require missions to comply with the Financial Regulations and Rules of the United Nations with respect to the criteria for the creation of obligations.**

132. The Administration's comments above relate to the recommendation in paragraph 16 of the Board's report (A/67/5 (Vol. II), chap. II).

Department responsible: Department of Field Support
Status: In progress
Priority: High
Target date: Third quarter of 2013

Disclosure of MINURCAT non-expendable properties

133. **In paragraph 27, the Board recommended that the Administration: (a) expedite the orderly completion of the disposal process of non-expendable property at MINURCAT; and (b) disclose the accurate final status of those assets in the financial statements once the disposal is complete, including but not limited to the value and number of assets transferred to other missions or other United Nations bodies, pending write-off and disposal.**

134. The Administration's comments above relate to the recommendation in paragraph 42 of the Board's report (A/67/5 (Vol. II), chap. II). Of the total non-expendable property of $152.8 million contained in the preliminary asset disposal plan of 23 November 2010, MINURCAT had disposed of non-expendable property worth $135.75 million (89 per cent) as of 24 October 2012. Disposal actions are ongoing on the remaining non-expendable property worth $17 million. The Department of Field Support plans to submit the final disposition of assets report to the General Assembly during the fourth quarter of 2013.

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2013

Inconsistency of budget assumptions and miscalculation of cost estimates

135. **In paragraph 42 of its report (A/66/5 (Vol. II), chap. II), the Board recommended that field missions and Headquarters implement more stringent reviews of the budget submissions to ensure that they are applied in a consistent, accurate and appropriate manner.**

136. The Administration's comments above relate to the recommendation in paragraph 135 of the Board's report (A/67/5 (Vol. II), chap. II).

Departments responsible:	Department of Peacekeeping Operations and Department of Field Support
Status:	Implemented
Priority:	High
Target date:	Not applicable

Insufficient declaration of surplus assets

137. **In paragraph 69 (A/66/5 (Vol. II), chap. II), the Board recommended that the Department of Field Support: (a) closely monitor never-used assets and regularly issue/disseminate periodical reports to missions on availability of unused assets; and (b) coordinate with the Procurement Division to periodically review and monitor the implementation of the acquisition plans and enforce their use as a tool to facilitate effective and efficient procurement management.**

138. The Administration's comments above relate to the recommendation in paragraph 52 of the Board's report (A/67/5 (Vol. II), chap. II).

Department responsible:	Department of Field Support
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2013

139. **In paragraph 70 (A/66/5 (Vol. II), chap. II), the Board also recommended that the Department of Field Support implement procedures for missions to: (a) identify and report unused assets to Headquarters in a timely manner; (b) take in-stock assets into consideration when drawing up procurement plans; and (c) declare surplus assets in a timely manner or initiate prompt disposal and/or write-off action of assets which are confirmed unusable.**

140. For parts (a) and (b) of the recommendation, the Administration's comments above relate to the recommendation in paragraph 52 of the Board's report (A/67/5 (Vol. II), chap. II).

141. For part (c) of the recommendation, the Administration's comments above relate to the recommendation in paragraph 58 of the Board's report (A/67/5 (Vol. II), chap. II).

Department responsible:	Department of Field Support
Status:	In progress
Priority:	High
Target date:	Ongoing

Insufficient coverage of physical count on expendable property

142. **In paragraph 73 (A/66/5 (Vol. II), chap. II), the Board recommended that the Department of Field Support require missions to conduct a physical count of expendable property periodically and enhance the coverage of the physical count to obtain the assurance of the accuracy of the data recorded in the Galileo system.**

143. The Administration's comments above relate to the recommendation in paragraph 47 of the Board's report (A/67/5 (Vol. II), chap. II).

Department responsible:	Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2014

Delayed reconciliation of discrepancies in "not found yet" assets

144. **In paragraph 78 (A/66/5 (Vol. II), chap. II), the Board recommended that the Department of Field Support expedite the review and reconciliation process of "not found yet" assets and minimize the backlog of the reconciliation in a timely manner.**

145. The Department of Field Support welcomes the Board of Auditors' acknowledgement that the number of items which could not be found as of 30 June 2012 was reduced by 2,847 items (40 per cent) and $16 million (39 per cent) compared to the previous period. The Department reiterates that assets not found yet do not necessarily represent a loss or indicate any potential weaknesses in the management of non-expendable property items. In many instances, hostile security conditions on the ground do not always permit easy access to sites where assets are located. As at 26 November 2012, the number of items that remain in status "not found yet" was further reduced to 1,798 ($11.2 million), representing 0.52 per cent of the total value of assets in peacekeeping operations.

146. Analysis over the years confirmed that most of the items eventually get located. The value of the items that have been written off as actual loss during the financial period represents less than 0.1 per cent (0.093 per cent for 2011/12 and 0.096 per cent for 2010/11), which is an indication of effective internal controls given the peacekeeping operating environment. Missions are taking prompt action to locate the items and reconcile discrepancies.

Department responsible:	Department of Field Support
Status:	In progress
Priority:	High
Target date:	Ongoing

Assets under the name of users who have been repatriated

147. **In paragraph 82, the Board recommended that the Department of Field Support require all missions to: (a) establish enhanced communication with military contingents to obtain up-to-date information on United Nations-owned equipment; and (b) carry out the required asset check-out procedures for all United Nations staff who are being repatriated.**

148. Strengthening of the check-in/check-out procedure has been assigned a high priority in the Department of Field Support Directive on property management for the 2011/12 financial period. Missions have been guided to establish standard operating procedures and enhance bilateral communication with the military and police formed units in order to update user information for accountability and control of United Nations-owned equipment, especially during contingent rotations. Missions have also been reminded to expeditiously address any exceptional situations and complete physical verification of assets assigned to users that have left the mission area as a matter of priority. As of 30 June 2012, only 184 non-expendable items with an inventory value of $772,293 were assigned to repatriated users, representing a reduction of 68 per cent by value compared to the previous period. The 184 items have been further reduced to 18 items ($62,976) as at 28 January 2012, representing 0.003 per cent of the peacekeeping missions' holdings.

Department responsible:	Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	Ongoing

Deficiencies in write-off and disposal of non-expendable property and expendable property

149. **In paragraph 86 (A/66/5 (Vol. II), chap. II), the Board reiterated its previous recommendation that the Department of Field Support strengthen the monitoring of the write-off and disposal of assets at missions to ensure that appropriate measures are taken to expedite all pending write-off or disposal cases.**

150. The Administration's comments above relate to the recommendation in paragraph 58 of the Board's report (A/67/5 (Vol. II), chap. II).

Department responsible:	Department of Field Support
Status:	In progress
Priority:	Medium
Target date:	Ongoing

Deficiencies in key performance indicators for stock control of non-expendable property and expendable property

151. **In paragraph 91 (A/66/5 (Vol. II), chap. II), the Board recommended that the Department of Field Support make the key performance indicators more practical and complete by taking into consideration the variance in non-expendable property stock ratios and adding a performance indicator to reflect stock control on expendable properties.**

152. The external benchmarking of the key performance indicators of the Department of Field Support has been concluded within phase II of the consultancy on property management and IPSAS compliance. The Board acknowledged in paragraph 89 of its report (A/66/5 (Vol. II), chap. II) for the period ending 30 June 2011, that: "During the last three years, the key performance indicator reports have played an indispensable and important role in property management, leading missions to enhance asset management, especially for non-expendable property".

Department responsible:	Department of Field Support
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

Building UNAMID accommodation

153. **In paragraph 101 (A/66/5 (Vol. II), chap. II), the Board recommended that the Department of Field Support: (a) enhance the involvement of United Nations Headquarters in the oversight of the procurement and contract management in the UNAMID construction project; (b) establish from the outset a clear governance framework for all large-scale construction projects, identifying the risks to contract administration and construction project management, and implementing controls to mitigate the risks and manage changes to the contract and scope of work.**

154. Regarding part (a) of the recommendation, through the implementation of the contract management function at Headquarters and the procedures for managing ex post facto cases, the involvement of Headquarters in contract management and procurement has been strengthened. Additionally, the Department of Field Support issued guidance and reminders to UNAMID in order to prevent these situations from being repeated in the future. Any amendments to the scope of work of a construction project will have to be cleared and vetted by the Department of Field Support.

155. Regarding part (b) of the recommendation, following the recommendation and noting similar requests from the Advisory Committee on Administrative and Budgetary Questions in its relevant report (A/66/718, paras. 104 and 106), the Department of Field Support is considering approaches to implementing construction project governance, including budget proposals, controls and oversight in the 2014/15 budget cycle. The Department has also promulgated the Department of Peacekeeping Operations/Department of Field Support policy on contract management and transferred contract management functions to the Global Service Centre to improve the support to field missions.

Department responsible:	Department of Field Support
Status:	In progress
Priority:	High
Target date:	Ongoing

Vendor performance evaluation

156. **In paragraph 109 (A/66/5 (Vol. II), chap. II), the Board recommended that the Department of Field Support systematically strengthen the procedures applied by missions in the management of vendors' performance at missions.**

157. The Contract Management Policy was issued on 1 April 2012 and circulated to all peacekeeping missions.

Department responsible:	Department of Field Support
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

Deficiencies in contract awards

158. **In paragraph 114 (A/66/5 (Vol. II), chap. II), the Board recommended that the Administration systematically strengthen the mechanisms in place to monitor the splitting of awards, ex post facto cases and awards made on an exigency basis, and to ensure that they comply with the Procurement Manual.**

159. Following the guidance issued by the Department of Field Support on 23 December 2011 to the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo, UNMIL and UNSOA, the missions took action to ensure compliance with the Procurement Manual. In the 2011/12 financial period, MONUSCO closely monitored its procurement actions against the acquisition plan and as a result, there were no ex post facto cases during that period. At UNMIL, measures were taken to enhance controls in procurement, particularly the review of ex post facto cases by the Director of Mission Support. Of the two pending contracts that were the subject of ex post facto approval, UNSOA stated that the shipping contract had been finalized.

Department responsible:	Department of Field Support
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

160. **In paragraph 115 (A/66/5 (Vol. II), chap. II), the Board recommended that the Department of Field Support ensure that UNSOA fully complies with the delegated procurement authority according to the Procurement Manual and the Financial Regulations and Rules of the United Nations.**

161. The Department of Field Support took action to strengthen the procurement function in UNSOA and to ensure compliance with the requirements of the delegated procurement authority. Of the two contracts noted as pending (shipping and aviation), UNSOA confirmed that both have been finalized.

Department responsible:	Department of Field Support
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

IPSAS implementation team

162. **In paragraph 145 (A/66/5 (Vol. II), chap. II), the Board recommended that the Department of Field Support: (a) require all missions to establish their own IPSAS implementation teams with clear terms of reference; (b) take proactive action to identify the specific needs of peacekeeping operations and work closely with the United Nations Secretariat implementation team to expedite the preparations for the implementation of IPSAS; and (c) ensure that the IPSAS**

implementation support teams have dedicated staff and adequate expertise within the IPSAS budget.

163. IPSAS implementation teams were established in all missions. The Department of Field Support acknowledges the positive comments of the Board in its interim reports on the United Nations Mission for the Referendum in Western Sahara, the United Nations Disengagement Observer Force, the United Nations Peacekeeping Force in Cyprus, the United Nations Interim Force in Lebanon and the United Nations Interim Administration Mission in Kosovo that the missions had made good progress in the implementation of IPSAS, as all directives from the Department had been implemented, including the main requirements in accounting for non-expendable property, expendable property and training of mission staff. A Field IPSAS Implementation Team has been deployed at the Regional Service Centre, Entebbe. The Team has developed progress evaluation guidelines and templates for mission assessment visits. The concept and templates were tested in MINUSTAH and MONUSCO early in December 2012. The Team's visits will yield a formal progress report and feedback to missions. The results will also be reflected in the Project Management Tool.

Department responsible:	Department of Field Support
Status:	Implemented
Priority:	High
Target date:	Not applicable

Transitional provision under IPSAS

164. **In paragraph 155 (A/66/5 (Vol. II), chap. II), the Board recommended that the Administration in collaboration with the Department of Field Support expedite the preparation for confirming the value of plant, property and equipment and expendable property to avoid the transitional provision being invoked, including the decision on the approach to obtain the value of expendable property.**

165. The Administration is expediting the valuation of property, plant and equipment (including completed self-constructed assets), and inventory. The valuation methodology was completed. The Administration will use the transitional provision only in case all measures expire and it is absolutely necessary.

Departments responsible:	Department of Management and Department of Field Support
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

Insufficient benefit realization management

166. **In paragraph 196 (A/66/5 (Vol. II), chap. II), the Board recommended that the Administration draw lessons learned from the peacekeeping restructuring to inform future business transformation and change management, including the need for a clear benefit realization plan, and appropriate indicators and benchmarks/baselines to enable close monitoring of their realization.**

167. The changes proposed by the Secretary-General in his report on strengthening the capacity of the United Nations to manage and sustain peace operations

(A/61/858) were intended to improve the quality of support to the field and to Member States. Above all, these changes were intended to strengthen the capacity of the Secretariat to mount and sustain peacekeeping operations, thereby improving the delivery of peacekeeping mandates. The prerogative of the General Assembly and its wish to continually assess the effort to enhance the capacity of the Organization to manage and sustain peacekeeping operations must be viewed in the context of the requirement for the Secretariat to continually adapt to meet the evolving requirements of United Nations peacekeeping mandates. Furthermore, in order to draw lessons learned from the peacekeeping restructuring to inform future business transformation and change management, the Department of Peacekeeping Operations/Department of Field Support have taken an active role in the Secretary-General's Change Implementation Plan. For those proposals contained in the Secretary-General's plan that fall within the purview of the Department of Peacekeeping Operations/Department of Field Support, indicators and benchmarks/baselines have been established to enable close monitoring of their realization. In addition to implementing these proposals, one of which includes a regular review of field operations, the Department of Peacekeeping Operations/Department of Field Support are actively participating in the different clusters established by the Change Implementation Team, including discussions on peace and security and administration and management.

Departments responsible:	Department of Field Support and Department of Peacekeeping Operations
Status:	Implemented
Priority:	High
Target date:	Not applicable

Lack of a five-year plan for each pillar under the global field support strategy

168. **In paragraph 203 (A/66/5 (Vol. II), chap. II), the Board recommended that the Administration: (a) develop a comprehensive plan which elaborates in greater detail under the four pillars the main goals, key activities, milestones, benchmarks/baselines and the way to implement the global field support strategy and to achieve the benefits; and (b) incorporate the enhanced detail in the Secretary-General's annual progress report for review by the General Assembly.**

169. A comprehensive implementation plan, which contains activities, responsibilities, deadlines and outputs, has been developed and is being used to manage the project. The plan will be included in the fourth annual progress report of the Secretary-General on the implementation of the global field support strategy.

Departments responsible:	Department of Field Support and Department of Peacekeeping Operations
Status:	In progress
Priority:	High
Target date:	First quarter of 2014

Inadequate evaluation method to measure the qualitative benefits of the global field support strategy

170. **In paragraph 208 (A/66/5 (Vol. II), chap. II), the Board recommended that the Department of Field Support establish key performance indicators and**

related benchmarks for all four pillars of the global field support strategy and a system to monitor and report on their achievement.

171. The Administration's comments above relate to the recommendation in paragraph 189 of the Board's report (A/67/5 (Vol. II), chap. II).

Department responsible:	Department of Field Support
Status:	In progress
Priority:	High
Target date:	Second quarter of 2013

Incomplete consideration of the costs in the cost-benefit analysis

172. **In paragraph 213 (A/66/5 (Vol. II), chap. II), the Board recommended that the Administration fully consider the related start-up and operational costs for the Regional Service Centre in its cost-benefit analyses to ensure a more prudent estimate of the likely benefits.**

173. The Administration's comments above relate to the recommendation in paragraph 192 of the Board's report (A/67/5 (Vol. II), chap. II).

Departments responsible:	Department of Field Support and Department of Peacekeeping Operations
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2013

Vehicle entitlement

174. **In paragraph 216 (A/66/5 (Vol. II), chap. II), given the recurring nature of the deficiencies in vehicle entitlements, the Board recommended that the Department of Field Support carry out a thorough review of mission vehicle entitlement to identify the scope for savings.**

175. The total number of light passenger vehicles required to sustain operations in each field mission is based on ratios which are determined by demand. Vehicle ratios are benchmarks that can be exceeded or reduced based on particular operational requirements, as determined by a mission's Vehicle Establishment Committee. The vehicle entitlement for each mission is proposed by field missions and reviewed by Headquarters during the budget planning process each year. The Department of Field Support will continue to conduct a careful review of mission vehicle entitlements. Since this recommendation relates to an ongoing task, which is being complied with, the Administration considers it to be implemented and requests its closure by the Board.

Department responsible:	Department of Field Support
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

176. **In paragraph 220 (A/66/5 (Vol. II), chap. II), the Board recommended that the Department of Field Support: (a) carry out a comprehensive review of vehicle entitlement and utilization across missions to identify the weaknesses and amend the policies on the vehicle entitlement and utilization as necessary;**

and (b) conduct in-year monitoring on vehicle entitlement and utilization practices in field missions on a regular basis.

177. The Administration's comments above relate to the recommendation in paragraph 216 of the Board's report for the prior period (A/66/5 (Vol. II), chap. II). In addition, the administrative instruction on the use of UNMIL vehicles for liberty purposes was approved and implemented on 14 August 2012.

Department responsible:	Department of Field Support
Status:	Implemented
Priority:	Medium
Target date:	Not applicable